

Message Text

UNCLASSIFIED

PAGE 01 STATE 310757
ORIGIN STR-05

INFO OCT-01 EUR-12 EA-12 IO-14 ISO-00 EB-08 ITC-01
STRE-00 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00
FRB-01 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00
NSC-05 PA-02 CTME-00 AID-05 SS-15 TRSE-00 USIA-15
PRS-01 SP-02 SOE-02 OMB-01 DOE-11 AF-10 ARA-14
NEA-10 OIC-02 /171 R

DRAFTED BY STR:JTSTEWART:EHW
APPROVED BY STR:JTSTEWART
STR:JGREENWALD
EB/STA:TO'HERRON
USITC:WJHABLE(INFO)
-----045441 310149Z /62

P 302306Z DEC 77
FM SECSTATE WASHDC
TO USMISSION GENEVA PRIORITY
AMEMBASSY PARIS
AMEMBASSY TOKYO
AMEMBASSY OTTAWA
AMEMBASSY BRUSSELS

UNCLAS STATE 310757

USEEC, USOECD

E.O. 11652: N/A

TAGS: ETRD, GATT, OECD, U. US

SUBJECT: GATT: PROPOSED U.S. ARTICLE XIX ACTION ON
INDUSTRIAL FASTENERS

REFERENCE: STATE 293446

1. MISSION GENEVA IS REQUESTED TO TRANSMIT FOLLOWING TEXT
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 310757

TO GATT SECRETARIAT FOR CIRCULATION TO CPS AS NOTIFICATION
UNDER ARTICLE XIX:2:

A. THE UNITED STATES INTERNATIONAL TRADE COMMISSION
(USITC) REPORTED TO THE PRESIDENT DECEMBER 12 THAT IT HAD
DETERMINED THAT LAG SCREWS OR BOLTS, BOLTS (EXCEPT MINE-
ROOF BOLTS) AND BOLTS AND THEIR NUTS IMPORTED IN THE SAME

SHIPMENT, NUTS, AND SCREWS HAVING SHANKS OR THREADS OVER 0.24 INCH IN DIAMETER, ALL THE FOREGOING OF IRON OR STEEL, PROVIDED FOR IN ITEMS 646.49, 646.54, 646.56, AND 646.63 OF THE TARIFF SCHEDULES OF THE UNITED STATES (TSUS), ARE BEING IMPORTED IN SUCH INCREASED QUANTITIES AS TO BE A SUBSTANTIAL CAUSE OF SERIOUS INJURY OR THE THREAT THEREOF TO THE DOMESTIC INDUSTRY PRODUCING ARTICLES LIKE OR DIRECTLY COMPETITIVE WITH THE IMPORTED ARTICLES. THE COMMISSIONERS VOTING SPLIT (TWO VOTING IN THE AFFIRMATIVE; TWO IN THE NEGATIVE) EVENLY ON THE QUESTION OF INJURY OR THREAT THEREOF CAUSED BY IMPORTS OF CANADIAN ARTICLES ADMITTED FREE OF DUTY AS ORIGINAL EQUIPMENT FOR MOTOR VEHICLES UNDER ITEM 646.79 OF THE TSUS AS PROVIDED BY THE U.S.-CANADIAN AUTOMOTIVE AGREEMENT.

B. THE COMMISSION ALSO FOUND AND RECOMMENDED THAT TO PREVENT OR REMEDY SUCH INJURY IT WOULD BE NECESSARY TO IMPOSE RATES OF DUTY (A) IN LIEU OF THE PRESENT RATES OF DUTY WITH RESPECT TO LAG SCREWS OR BOLTS AND SCREWS HAVING SHANKS OR THREADS OVER 0.24 INCH IN DIAMETER, OF IRON OR STEEL, PROVIDED FOR IN ITEMS 646.49 AND 646.63 OF THE TSUS, AND (B) IN ADDITION TO THE PRESENT RATES WITH RESPECT TO BOLTS (EXCEPT MINE ROOF BOLTS) AND BOLTS AND THEIR NUTS IMPORTED IN THE SAME SHIPMENT, AND NUTS, OF IRON OR STEEL, PROVIDED FOR IN ITEMS 646.54 AND 646.56 OF THE TSUS, AS FOLLOWS:

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 310757

1ST YEAR: 30 PERCENT AD VAL.
2ND YEAR: 30 PERCENT AD VAL.
3RD YEAR: 25 PERCENT AD VAL.
4TH YEAR: 20 PERCENT AD VAL.
5TH YEAR: 20 PERCENT AD VAL.

C. THE COMMISSION'S REPORT NOTES THAT IMPORTS OF THE BOLTS, NUTS AND LARGE SCREWS IN QUESTION HAVE INCREASED IN ACTUAL TERMS IN EVERY YEAR SINCE 1969 EXCEPT DURING 1971 AND 1975 WHEN STRONG CYCLICAL CONTRACTIONS OCCURRED IN U.S. PRODUCTION OF DURABLE MANUFACTURED GOODS. U.S. IMPORTS INCREASED FROM 372 MILLION POUNDS IN 1969 TO 776 MILLION POUNDS IN 1974, DECLINED TO 535 MILLION POUNDS IN 1975 AND INCREASED TO 704 MILLION POUNDS IN 1976. U.S. IMPORTS IN JANUARY-JUNE 1977 TOTALED 372 MILLION POUNDS, 20 PERCENT HIGHER THAN IN THE CORRESPONDING PERIOD OF 1976. THE RATIO OF IMPORTS TO PRODUCTION HAS INCREASED EVERY YEAR SINCE 1969, RISING FROM 25 PERCENT IN 1969 TO 65 PERCENT IN 1976. THE RATIO WAS 67 PERCENT DURING JANUARY-JUNE 1977.

D. WITH REGARD TO INJURY OR THE THREAT THEREOF, THE USITC

REPORT NOTES THAT CAPACITY UTILIZATION FOR FIRMS PRODUCING BOLTS, NUTS AND LARGE SCREWS DROPPED PRECIPITOUSLY FROM 76 PERCENT IN 1974 TO 50 PERCENT IN 1975. THIS SUBSTANTIAL IDLING OF PRODUCTION FACILITIES CONTINUED THROUGHOUT 1976 AND JANUARY-JUNE 1977, DESPITE BANNER YEARS FOR THE AUTOMOTIVE INDUSTRY, WHICH IS THE LARGEST U.S. MARKET FOR THESE PRODUCTS. THE PROFIT LEVEL FOR THE INDUSTRY ALSO DECLINED SHARPLY DURING THE PAST THREE YEARS WITH 12 OF THE 42 FIRMS REPORTING EITHER A LOSS OR A PROFIT RATE OF 5 PERCENT OR LESS DURING JANUARY-JUNE 1977. EMPLOYMENT FELL RAPIDLY FROM 20,232 PRODUCTION WORKERS IN 1969 TO 13,077 IN 1976; THIS DROP WAS MOST PRONOUNCED IN RECENT YEARS AS OVER 4,400

JOBS WERE LOST SINCE 1974.

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 310757

E. UNDER SECTION 201 OF THE TRADE ACT OF 1974, THE PRESIDENT HAS 60 DAYS FOLLOWING RECEIPT OF A RECOMMENDATION TO DETERMINE WHAT METHOD AND AMOUNT OF IMPORT RELIEF HE WILL PROVIDE, OR DETERMINE THAT THE PROVISION OF SUCH RELIEF IS NOT IN THE NATIONAL ECONOMIC INTERESTS OF THE UNITED STATES. UNDER SECTION 330(D) OF THE TARIFF ACT OF 1930, AS AMENDED, THE PRESIDENT MAY ACCEPT THE VIEWS OF EITHER THOSE COMMISSIONERS VOTING AFFIRMATIVELY OR THOSE COMMISSIONERS VOTING NEGATIVELY WITH RESPECT TO INJURY OR THREAT THEREOF CAUSED BY CANADIAN ARTICLES ADMITTED FREE OF DUTY UNDER ITEM 646.79.

F. THE CURRENT COLUMN ONE DUTY RATES AND BINDING STATUS FOR THE FOUR TSUS ITEMS AFFECTED BY THE USITC RECOMMENDATIONS ARE:

646.49 - WOOD SCREWS (INCLUDING LAG SCREWS OR BOLTS) OF BASE METAL: OF IRON AND STEEL. CURRENT RATE: 12.5 PERCENT AD VAL. BOUND TO EEC AT 12.5 PERCENT AD VAL.

BOLTS, NUTS, STUDS AND STUDDING, SCREWS, AND WASHERS (INCLUDING BOLTS AND NUTS IMPORTED IN THE SAME SHIPMENT, AND ASSEMBLED BOLTS OR SCREWS AND WASHERS, WITH OR WITHOUT NUTS); SCREW EYES, SCREW HOOKS AND SCREW RINGS; TURN-BUCKLES; ALL OF THE FOREGOING NOT DESCRIBED IN THE FOREGOING PROVISIONS OF THIS UNIT, OF BASE METAL: OF IRON AND STEEL:

646.54 - BOLTS AND BOLTS AND THEIR NUTS IMPORTED IN THE SAME SHIPMENT. CURRENT RATE: 0.2 CENTS PER POUND. BOUND IN KENNEDY ROUND AT 0.2 CENTS PER POUND. ALSO BOUND TO EEC AT 0.5 CENTS PER POUND.

UNCLASSIFIED

UNCLASSIFIED

PAGE 05 STATE 310757

646.56 - NUTS. CURRENT RATE: 0.1 CENTS PER POUND. BOUND IN KENNEDY ROUND AT 0.1 CENTS PER POUND. ALSO BOUND TO CANADA, EEC AND UK AT 0.3 CENTS PER POUND.

646.63 - SCREWS: OTHER: HAVING SHANKS OR THREADS OVER 0.24 INCH IN DIAMETER. CURRENT RATE: 9.5 PERCENT AD VAL. BOUND IN KENNEDY ROUND AT 9.5 PERCENT AD VAL. ALSO BOUND TO CANADA AT 19 PERCENT AD VAL. AND TO UK AT 22.5 PERCENT AD VAL.

G. EFFECTIVE JANUARY 1, 1976, IMPORTS OF BOLTS AND NUTS OF IRON AND STEEL PROVIDED FOR IN TSUS ITEMS 646.54 AND 646.56 FROM ALL DESIGNATED BENEFICIARY DEVELOPING COUNTRIES BECAME ELIGIBLE FOR DUTY-FREE TREATMENT UNDER THE

PROVISIONS OF GSP. SUCH DUTY FREE TREATMENT WAS NOT EXTENDED TO IMPORTS OF LARGE SCREWS, PROVIDED FOR IN TSUS ITEMS 646.49 AND 646.63.

H. RECENT U.S. IMPORTS OF BOLTS, NUTS AND LARGE SCREWS IN THOUSANDS OF DOLLARS WERE:

SOURCE	1974	1975	1976	1974-76 AVERAGE
--------	------	------	------	-----------------

JAPAN	261,879	135,712	160,082	185,891
-------	---------	---------	---------	---------

CANADA	56,515	39,501	58,198	51,404
--------	--------	--------	--------	--------

OTHER	69,786	51,912	41,509	54,402
-------	--------	--------	--------	--------

TOTAL	388,180	227,125	259,789	291,697
-------	---------	---------	---------	---------

AN ALLOCATION OF THESE AGGREGATED FIGURES BY TARIFF LINE WILL BE PROVIDED AS SOON AS POSSIBLE.

I. FURTHER DETAILS ARE AVAILABLE IN THE COMMISSION'S REPORT TO THE PRESIDENT, USITC PUBLICATION 847.

UNCLASSIFIED

UNCLASSIFIED

PAGE 06 STATE 310757

J. THE UNITED STATES IS READY TO CONSULT WITH THE CONTRACTING PARTIES (CAPS) AND WITH THOSE CONTRACTING PARTIES HAVING A SUBSTANTIAL INTEREST AS EXPORTERS OF THE PRODUCTS CONCERNED IN RESPECT OF THE PROPOSED ACTION. (FYI: CONTRACTING PARTIES (CAPS) INDICATES CONTRACTING PARTIES ACTING JOINTLY PER ARTICLE XXV:1.)

2. EMBASSIES TOKYO AND OTTAWA SHOULD PROVIDE COPIES OF THE ABOVE NOTIFICATION TO THEIR HOST GOVERNMENTS. USEC SHOULD FURNISH COPY TO EC COMMISSION. USOECD PARIS MAY INFORM OECD SECRETARIAT.

3. COPIES OF THE USITC REPORT HAVE BEEN POUCHED TO ALL ADDRESSEES. CHRISTOPHER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 30-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE310757
Document Source: CORE
Document Unique ID: 00
Drafter: JTSTEWART:EHW
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780003-0854
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977122/aaaaabkk.tel
Line Count: 232
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0e790efd-c188-dd11-92da-001cc4696bcc
Office: ORIGIN STR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STATE 293446
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 134715
Secure: OPEN
Status: NATIVE
Subject: GATT: PROPOSED U.S. ARTICLE XIX ACTION ON INDUSTRIAL FASTENERS
TAGS: ETRD, NUTS, US, GATT, OECD
To: GENEVA PARIS MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/0e790efd-c188-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009